

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

The San Luis Obispo County economy is creating jobs at a rapid rate. In 2017 it gained 3,000 jobs, representing growth of 2.5 percent, which is much faster than the statewide average of 2.0 percent. The best performing industries were construction, healthcare, and leisure services.

Construction activity is accelerating sharply. More than 1,100 homes were built in 2017, and more than \$120 million was invested into non-residential structures. Most of the new homes were single-family units, but more than 400 apartments were constructed in various parts of the county. Several new hotels broke ground throughout the year, and almost \$40 million was spent renovating existing buildings.

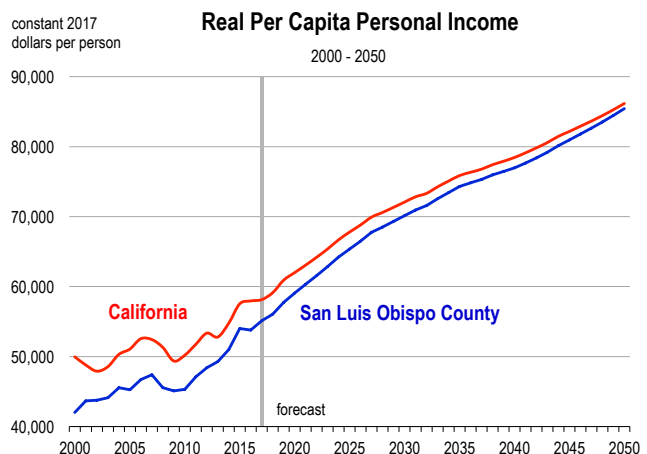
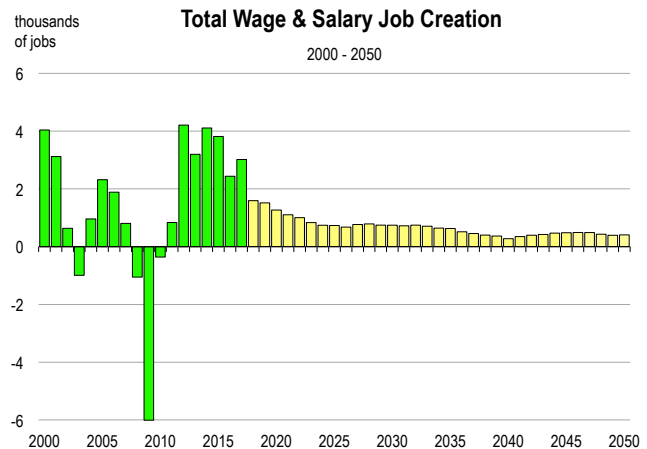
Housing affordability is becoming a problem in San Luis Obispo County. The typical household now spends more than 30 percent of its income on mortgage payments and rent, and because home prices are expected to rise faster than incomes, the affordability problem will worsen over the forecast period.

But despite high housing costs, people continue to move to San Luis Obispo County. Between 2012 and 2017, an average of 1,300 net migrants entered the county annually, accounting for virtually all population growth. Because San Luis Obispo County has a very old resident base and a very low birth rate, its natural increase (new births) contributes very little to population growth.

The San Luis Obispo County unemployment rate was exceptionally low in 2017, falling to 3.6 percent, which is near its lowest sustainable level. The economy has now reached a “full employment” scenario, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation is expected to decelerate, and further improvements in the unemployment rate will be minimal.

FORECAST HIGHLIGHTS

- In 2018, total employment will increase by 1.3 percent. From 2018 to 2023, employment growth is expected to average 0.9 percent per year.
- The largest employment gains will be observed in education and healthcare, leisure services, and government. Together, these sectors will account for 61 percent of net job creation during the 2018-2023 period.

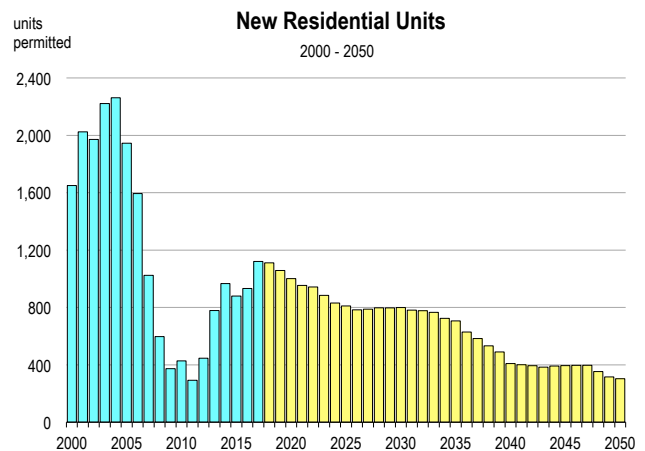
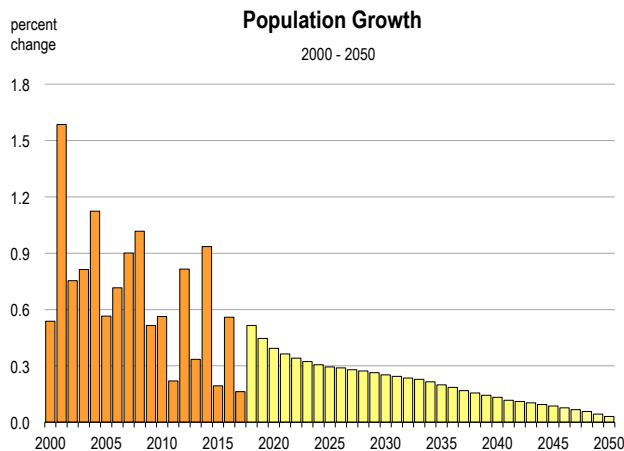


- Average salaries are currently below the California average, and will remain so over the foreseeable future. In San Luis Obispo County, inflation-adjusted salaries are expected to rise by an average of 1.8 percent per year between 2018 and 2023, which will be similar to statewide growth.
- Over the forecast period, an average of 970 homes will be authorized per year. Because San Luis Obispo County has large amounts of buildable land, housing production will spread out into single-family communities, rather than be forced up into multifamily skyscrapers.
- The population is expected to increase by 0.4 percent annually through 2023. Net migration will account for almost all population growth. Because the county has an old population base, the number of deaths will be approximately equal to the number of births during the forecast period.

San Luis Obispo County Economic Forecast

2010-2017 History, 2018-2050 Forecast

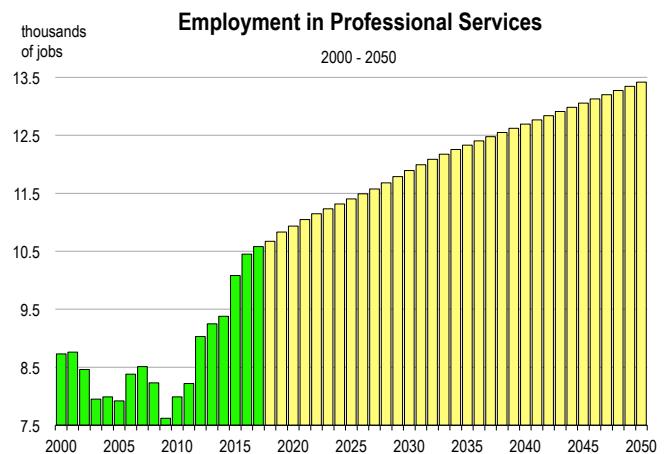
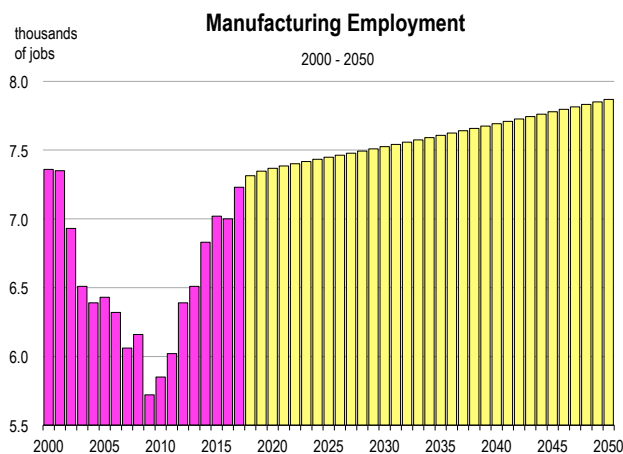
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2010	269,732	742	286	102.0	427	\$3.61	\$10.78	\$45,325	1.2	808.5	1,847	10.1
2011	270,324	1,107	286	102.2	293	\$4.02	\$11.53	\$47,104	2.7	813.3	1,799	9.6
2012	272,527	228	284	102.5	446	\$5.03	\$12.18	\$48,398	2.0	933.0	1,953	8.3
2013	273,441	1,837	293	102.6	778	\$5.02	\$12.58	\$49,273	1.1	1029.0	2,070	6.8
2014	275,999	548	298	103.1	967	\$5.25	\$13.32	\$50,997	1.3	954.3	2,214	5.6
2015	276,534	2,320	304	103.7	880	\$4.94	\$14.26	\$54,023	0.9	868.0	2,296	4.7
2016	278,080	243	311	104.2	933	\$5.02	\$14.55	\$53,792	1.9	940.3	2,301	4.3
2017	278,532	1,504	309	104.9	1,121	\$5.21	\$15.35	\$55,123	2.8	960.5	2,390	3.6
2018	279,967	1,326	315	105.7	1,111	\$5.36	\$16.14	\$56,044	2.7	967.2	2,493	3.3
2019	281,216	1,175	319	106.7	1,058	\$5.62	\$17.08	\$57,730	2.2	973.6	2,496	3.1
2020	282,323	1,061	323	107.6	1,001	\$5.99	\$18.13	\$59,064	3.2	981.3	2,526	3.2
2021	283,349	1,000	326	108.5	954	\$6.32	\$19.10	\$60,324	2.6	989.0	2,583	3.3
2022	284,316	958	328	109.4	943	\$6.64	\$20.09	\$61,582	2.6	996.9	2,640	3.4
2023	285,234	929	330	110.2	885	\$6.97	\$21.12	\$62,876	2.5	1004.8	2,699	3.6
2024	286,107	904	331	111.0	831	\$7.31	\$22.16	\$64,215	2.3	1012.8	2,754	3.7
2025	286,949	895	333	111.8	811	\$7.70	\$23.14	\$65,359	2.2	1020.8	2,801	3.8
2026	287,779	904	334	112.5	784	\$8.07	\$24.14	\$66,487	2.1	1028.8	2,848	3.8
2027	288,583	901	335	113.2	788	\$8.45	\$25.21	\$67,774	2.0	1036.8	2,902	3.9
2028	289,370	908	336	113.9	798	\$8.84	\$26.18	\$68,513	2.3	1044.9	2,959	3.9
2029	290,133	904	337	114.6	797	\$9.20	\$27.16	\$69,304	2.1	1053.1	3,018	3.9
2030	290,865	892	338	115.3	800	\$9.58	\$28.14	\$70,118	2.0	1061.2	3,076	3.9
2031	291,575	889	339	116.0	782	\$9.99	\$29.14	\$70,954	1.9	1069.5	3,135	3.9
2032	292,261	884	340	116.7	777	\$10.44	\$30.13	\$71,585	2.1	1077.7	3,204	3.9
2033	292,928	885	341	117.4	766	\$10.86	\$31.18	\$72,568	1.7	1086.0	3,272	3.9
2034	293,558	875	342	118.1	724	\$11.33	\$32.29	\$73,451	1.9	1094.3	3,340	3.9
2035	294,142	859	343	118.7	706	\$11.81	\$33.44	\$74,307	2.0	1102.8	3,409	3.9
2036	294,688	850	344	119.3	629	\$12.30	\$34.61	\$74,843	2.4	1111.2	3,480	3.9
2037	295,183	823	344	119.9	583	\$12.77	\$35.81	\$75,318	2.5	1119.7	3,553	3.9
2038	295,643	805	345	120.5	533	\$13.22	\$37.06	\$75,953	2.3	1128.2	3,627	3.9
2039	296,067	788	346	121.0	490	\$13.70	\$38.36	\$76,455	2.5	1136.7	3,703	3.9
2040	296,460	774	347	121.4	409	\$14.17	\$39.67	\$76,982	2.4	1145.3	3,781	3.9
2041	296,806	751	348	121.8	401	\$14.63	\$41.01	\$77,658	2.2	1154.0	3,863	3.9
2042	297,134	755	348	122.2	394	\$15.11	\$42.39	\$78,401	2.1	1162.7	3,947	3.9
2043	297,440	755	349	122.6	384	\$15.60	\$43.79	\$79,204	2.0	1171.5	4,034	3.9
2044	297,720	752	350	122.9	392	\$16.09	\$45.23	\$80,153	1.8	1180.3	4,122	3.9
2045	297,977	753	351	123.3	395	\$16.61	\$46.71	\$80,945	2.0	1189.2	4,212	3.9
2046	298,205	748	352	123.6	397	\$17.12	\$48.21	\$81,790	1.9	1198.1	4,305	3.9
2047	298,405	743	352	124.0	397	\$17.65	\$49.75	\$82,641	1.9	1207.1	4,399	3.9
2048	298,574	737	353	124.3	353	\$18.20	\$51.35	\$83,527	1.9	1216.1	4,496	3.8
2049	298,703	721	354	124.6	316	\$18.76	\$53.01	\$84,452	1.9	1225.2	4,596	3.8
2050	298,795	710	355	124.9	303	\$19.35	\$54.75	\$85,431	1.9	1234.3	4,698	3.8

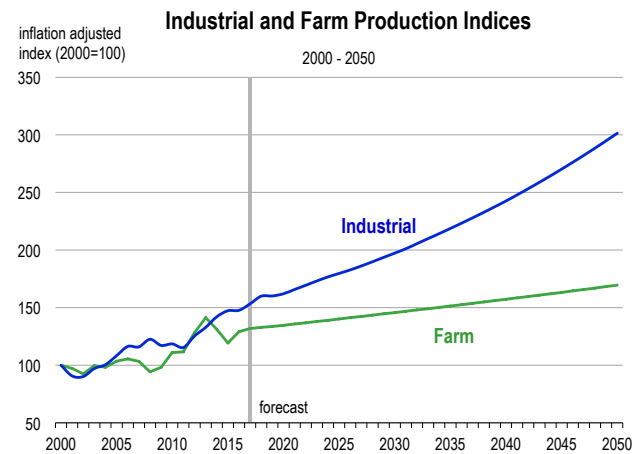
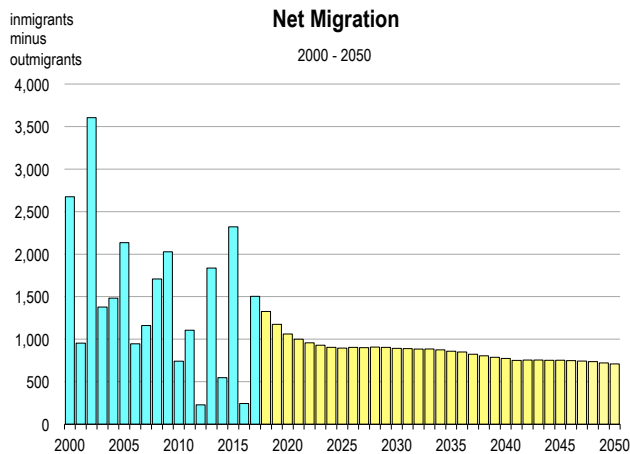
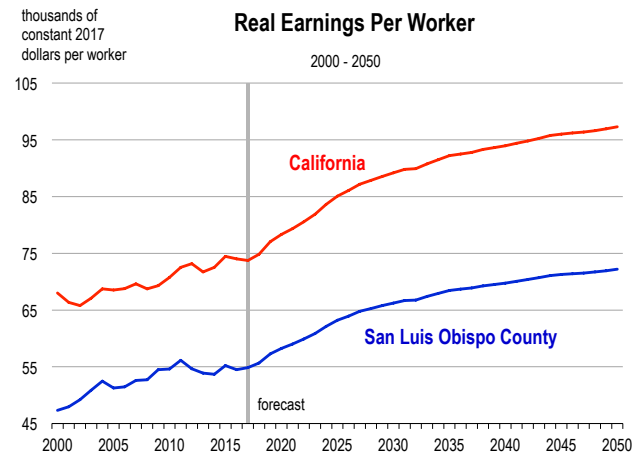
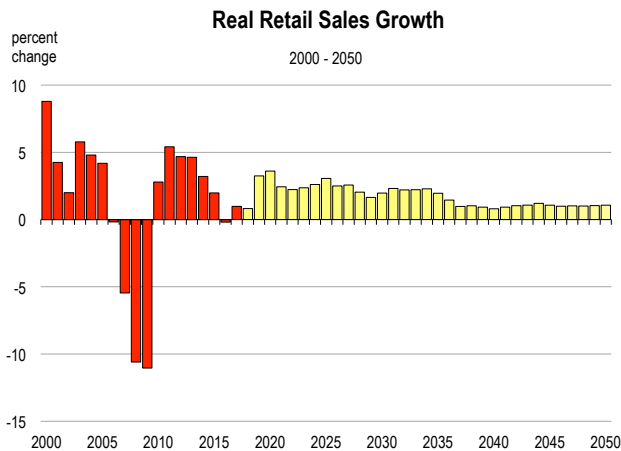


San Luis Obispo County Employment Forecast

2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2010	100.5	4.7	4.9	5.9	3.6	15.6	3.9	8.0	1.2	12.6	14.8	20.9
2011	101.4	4.7	5.1	6.0	3.5	15.9	4.0	8.2	1.1	12.7	14.9	20.6
2012	105.6	5.1	5.5	6.4	3.8	16.3	4.1	9.0	1.2	13.0	15.7	20.7
2013	108.8	4.5	6.1	6.5	4.0	16.5	4.1	9.3	1.4	14.0	16.2	21.5
2014	112.9	4.7	6.4	6.8	4.0	16.6	4.1	9.4	1.4	14.5	16.8	22.9
2015	116.7	5.0	6.7	7.0	4.0	16.7	4.2	10.1	1.5	14.6	17.6	23.6
2016	119.2	4.8	7.2	7.0	4.1	17.0	4.1	10.5	1.3	15.1	18.5	23.9
2017	122.2	5.3	7.5	7.2	4.1	17.2	4.2	10.6	1.4	15.5	19.1	24.1
2018	123.8	5.2	7.7	7.3	4.1	17.5	4.2	10.7	1.4	15.7	19.3	24.8
2019	125.3	5.2	7.8	7.3	4.1	17.7	4.3	10.8	1.4	15.8	19.5	25.3
2020	126.6	5.2	7.8	7.4	4.1	18.0	4.3	10.9	1.4	16.0	19.7	25.7
2021	127.7	5.3	7.8	7.4	4.1	18.2	4.3	11.0	1.4	16.2	19.9	26.0
2022	128.7	5.3	7.8	7.4	4.1	18.4	4.3	11.1	1.4	16.4	20.1	26.2
2023	129.5	5.3	7.8	7.4	4.1	18.6	4.3	11.2	1.4	16.5	20.3	26.4
2024	130.2	5.4	7.7	7.4	4.0	18.8	4.3	11.3	1.4	16.7	20.5	26.6
2025	131.0	5.4	7.6	7.4	4.0	19.0	4.3	11.4	1.4	16.9	20.6	26.8
2026	131.7	5.5	7.5	7.5	3.9	19.2	4.3	11.5	1.4	17.1	20.6	26.9
2027	132.4	5.5	7.5	7.5	3.9	19.4	4.3	11.6	1.4	17.3	20.7	27.1
2028	133.2	5.5	7.5	7.5	3.9	19.6	4.3	11.7	1.4	17.5	20.8	27.2
2029	134.0	5.6	7.5	7.5	3.9	19.8	4.3	11.8	1.4	17.7	20.9	27.4
2030	134.7	5.6	7.5	7.5	3.9	20.0	4.3	11.9	1.4	17.8	21.0	27.5
2031	135.4	5.7	7.5	7.5	3.8	20.1	4.3	12.0	1.4	18.0	21.2	27.6
2032	136.2	5.7	7.5	7.6	3.9	20.3	4.3	12.1	1.4	18.2	21.3	27.7
2033	136.9	5.7	7.4	7.6	3.9	20.5	4.3	12.2	1.4	18.3	21.4	27.8
2034	137.5	5.8	7.4	7.6	3.9	20.7	4.3	12.3	1.4	18.5	21.5	27.9
2035	138.2	5.8	7.3	7.6	3.8	20.9	4.3	12.3	1.4	18.6	21.6	28.0
2036	138.7	5.9	7.1	7.6	3.8	21.0	4.3	12.4	1.4	18.8	21.8	28.1
2037	139.1	5.9	7.0	7.6	3.8	21.1	4.3	12.5	1.4	19.0	21.9	28.2
2038	139.5	5.9	6.8	7.7	3.8	21.2	4.3	12.5	1.4	19.1	22.0	28.3
2039	139.9	6.0	6.6	7.7	3.8	21.3	4.3	12.6	1.4	19.2	22.1	28.4
2040	140.2	6.0	6.3	7.7	3.8	21.4	4.3	12.7	1.4	19.2	22.3	28.5
2041	140.5	6.1	6.2	7.7	3.8	21.5	4.3	12.8	1.4	19.3	22.4	28.6
2042	140.9	6.1	6.0	7.7	3.8	21.6	4.3	12.8	1.4	19.4	22.5	28.7
2043	141.3	6.1	5.9	7.7	3.8	21.7	4.3	12.9	1.4	19.4	22.6	28.8
2044	141.8	6.2	5.9	7.8	3.8	21.8	4.3	13.0	1.4	19.5	22.8	28.9
2045	142.3	6.2	5.8	7.8	3.8	21.9	4.3	13.1	1.4	19.5	22.9	29.0
2046	142.8	6.3	5.8	7.8	3.8	22.0	4.4	13.1	1.4	19.5	23.0	29.1
2047	143.3	6.3	5.8	7.8	3.9	22.0	4.4	13.2	1.4	19.6	23.1	29.2
2048	143.7	6.4	5.7	7.8	3.9	22.1	4.4	13.3	1.4	19.6	23.3	29.3
2049	144.1	6.4	5.6	7.9	3.9	22.2	4.4	13.3	1.4	19.6	23.4	29.4
2050	144.5	6.4	5.5	7.9	3.9	22.3	4.4	13.4	1.4	19.7	23.5	29.5





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	14.7%
Expected job growth:	4.6%
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	14.3%

Expected population growth:	1.9%
Net migration to account for:	97.3%
Expected growth in number of vehicles:	4.8%

Demographics (2018)

Unemployment rate (April 2018):	2.6%
County rank* in California (58 counties):	6th
Working age (16-64) population:	64.5%

Population with B.A. or higher:	33.7%
Median home selling price (2017):	\$545,000
Median household income:	\$69,944

Quality of Life

Violent crime rate (2016):	276 per 100,000 persons
County rank* in California (58 counties):	15th
Average commute time to work (2018):	23 minutes

High School drop out rate (2017):	3.5%
Households at/below poverty line (2018):	7.9%

* The county ranked 1st corresponds to the lowest rate in California